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ANNUAL REPORT

INSURANCE BRANCH

BENEFITS AND SERVICES DIVISION

OFFICE OF PERSONNEL

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SECTION I

Major Accomplishments and Significant Developments

1 July 1966 - 30 June 1967

Attached, as part of this report, is a summary of Insurance activities during this reporting period. The workload in the Branch is still on an upswing due to the increased number of new applications on all of our major plans, refund of prepaid premiums on one of our plans (cancelled during this fiscal year), open period on one of our old plans, and a general increase in the complexity of problems associated with the overall settlement of claims (including as of 1 July 1966 Medicare coverage). In addition, heavy burdens have been felt as the result of cover and security problems relating to the establishment of additional types of hospital admission cards, as well as cover and security problems relating to terminating and retiring employees, as well as active employees.

The claims processed in this Branch for the Association Plan Hospitalization under the Federal Employees Health Benefits Act, should, but cannot, be considered routine. Almost each claim is an individual challenge to the claims adjudicator, as more and more detailed requirements regarding

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Another source of additional work has been the increase from five to thirteen employees whose salary reimbursements are made to the Agency from GEHA in line with established policy to subsidization wherever possible.

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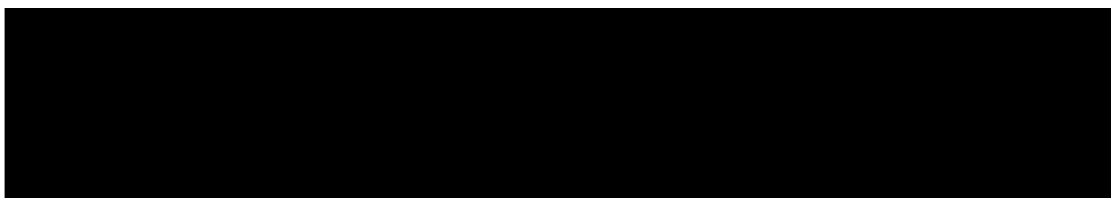
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The difficulties experienced in obtaining replacements is even more pronounced than it was last fiscal year, placing a tremendous workload on the personnel of this Branch. However, with the dedicated approach to the problem of "picking up the slack" the employees of the Branch have succeeded in keeping backlogs at a reasonable minimum. The problems faced have, of course, been compounded many times by the totally inadequate space (Headquarters Cashiers Office) and physically split locations of operations (two different places in Headquarters and one location in Magazine Building). A unified operating location could not help but make for more economical and efficient use of personnel on an interchangeable basis, as well as flow of work.

The health statement accompanying many of the new applications for Income Replacement, UBLIC, WAEPA, Contract Hospitalization and Contract Life Insurance or increases in coverage under the UBLIC Life Insurance Plan is reviewed and approved or disapproved by the Acting Deputy or Acting Branch Chief. This calls for careful underwriting and occasional dealings with the Medical Staff. Some of these applications require as many as five or six conversations with the applicants in advising them of necessary procedures to obtain coverage or at least finalize action in the case. During this reporting period 592 applications have been reviewed. The above, in addition to all of the other many, many duties, including the training of Mr. [REDACTED] who in my opinion is a very capable employee, has bent (almost broken) the back of this Acting Chief.

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| <u>FY 1966</u> | <u>FY 1967</u> | <u>Increase</u> |
|------------------|------------------|------------------|
| 423 applications | 592 applications | 169 applications |

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The Exit Processing Center located in Headquarters Building materially reduced the number of manhours which would have been required for departing personnel to get to the Rosslyn Area as well as Headquarters clearing offices on their last work day but it certainly has not reduced the number of manhours spent by personnel who are still working for the Agency. The Insurance Branch employee is away from her desk for six hours each week in addition to the fact she has to carry the Insurance folders for these employees from Magazine to Headquarters Building and return.

- 3 -

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Specific Major Accomplishments:

1. Due to coverage under MEDICARE, 1 July 1966, the PAMA Plan was cancelled 30 June 1966. 479 refunds, in the total amount of \$10,630.27, were issued for prepaid premiums during this fiscal year.

2. During this reporting period, to be effective retroactive to 1 June 1966, a major benefit was added to the UBLIC plan in the form of continued coverage after retirement. If an employee has been insured with UBLIC for not less than ten years prior to retirement and retires on an immediate annuity, he/she is eligible for this benefit. Briefly, this plan offers reduced insurance coverage after retirement and policyholder continues to pay the current monthly premium of 50 cents per thousand until he/she attains the age of 60 years. At that time coverage is reduced to 1/6 of the average amount of coverage the policyholder had in the ten-year period immediately preceding retirement and no further premium payment is required. Upon attaining the age of 70 years, the coverage is reduced to 1/12 of the ten-year average held immediately preceding retirement and policyholder will have this protection for the rest of his/her life. As of 30 June 1967 we have 42 policyholders.

3. During the months of October and November 1966, the Insurance Branch administered the Flu Shot Program. The Medical Staff gave 3,941 vaccine shots at a cost of 75¢ each during the period. Of the total collected (\$2,954.08), \$2,517.20 was used by the Medical Staff to defray the costs of vaccine used, and the balance of \$436.88 was given to EAA/BSD/OP.

4. An "open season" for the Federal Hospitalization Plans was held 14 through 30 November 1966. During this period we processed 89 new applications, 326 changes (including approximately 300 LOW OPTION Association Plan transferred to HIGH OPTION) and 188 terminations.

Also, as of 31 July 1966 the age limit was raised from 21 to 22 years of age for children covered under their parents' Federal Hospitalization Plans.

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The benefits were improved, with a slight increase in premiums on Association Plan (FEHBA), as of 1 January 1967. Headquarters and Field Notices re Association Plan were prepared for distribution to all employees.

The Association Plan brochure, Major Medical brochure, and the various identification cards were revised and printed. Also a large number of identification cards were exchanged due to the difference in coverage printed on the new cards.

The Association Plan's (FEHBA) LOW OPTION coverage was cancelled 1 January 1967 and approximately 300 subscribers were transferred to the HIGH OPTION coverage.

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5. Personal interviews with employees who were resigning, retiring, or going on LWOP, as follows:

| <u>FY 1966</u> | <u>FY 1967</u> | <u>Increase</u> |
|----------------|----------------|-----------------|
| 1,701 | 2,432 | 731 |

Written information was forwarded to employees who separated from the Agency in absentia, as follows:

| <u>FY 1966</u> | <u>FY 1967</u> | <u>Increase</u> |
|----------------|----------------|-----------------|
| 428 | 482 | 54 |

6. Premium due reminder notices were mailed to policyholders insured under WAEPA, UBLIC, Contract Life, Emergency Travel, Income Replacement, FAP and Specified Diseases, as follows:

| <u>FY 1966</u> | <u>FY 1967</u> | <u>Decrease</u> |
|----------------|----------------|--|
| 11,141 | 8,685 | 2,456 (Due to cancellation of PAMA and DENTA Contracts. FY 1966 included these two plans.) |

7. Correspondence in the form of 62 inter-office memoranda, 400 dispatches, 1,083 transmittal manifests and 175 GEHA, [REDACTED] letters were written and typed during this reporting period. Of course, these figures do not include routine form letters and reports. Also, correspondence and reports originated in the Office of the Branch Chief totaled 132. Total correspondence decreased this year as compared to last year due to cancellation of PAMA and DENTA contracts.

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A total of [REDACTED] checks were written necessitating the typing of approximately 12,648 transmittal form letters or memoranda.

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8. The usual GEHA Board Meetings, Annual GEHA Meeting, [REDACTED] and Annual Audit by the Audit Staff, were accomplished.

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9. The annual income tax return was completed and forwarded to the Collector of Internal Revenue.

10. In November 1966, a check for \$106,878.00 was received from UBLIC representing a return of premiums for the year ending 31 July 1966. Also, an additional amount of \$45,000.00 was received from UBLIC in March 1967 when two of our former employees lost coverage under the "Waiver of Premium" clause in the UBLIC contract.

11. Numerous lectures, as indicated on the attached statistical report, continue to be given to all EOD's by representatives of the Branch. These lectures include those given each week to professionals and Commo at Headquarters Building and clerical recruits in Rosslyn, as well as Clandestine Services lectures.

12. WAEPA doubled the coverage for dependents' life insurance effective 21 August 1966, with an increase of 30¢ per month premium payment. This necessitated the reprinting of 591 IBM payment books. Also, a Headquarters Notice and [REDACTED] were forwarded to all employees.

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Effective 21 June 1967, WAEPA doubled the Supplemental coverage under the Basic coverage of their plan. Notification will be sent to Agency employees.

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The following Section reflects a statistical report of the operational activities of this Branch for the reporting period.

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Types of Coverage (continued)

DENTAL INSURANCE (DENTA) (Terminated 12/31/65)

| | |
|-------------------|------------|
| New Applications | 0 |
| Cancellations | 0 |
| Policies in Force | 0 |
| Number of Claims | 59 |
| Claims Paid | \$9,740.86 |
| Average per Claim | \$ 165.10 |

MISCELLANEOUS

TALKS TO NEW E.O.D.'s

| | |
|----------------------|-------|
| Number of Talks | 95 |
| Number in Attendance | 2,194 |

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SECTION II

Specific Plans for Fiscal Year 1968

(7/1/67 - 6/30/68)

1. If the increases in benefits and premium charges for the Association Plan are approved by the Civil Service Commission, to be effective 1 January 1968, it will be necessary for this office to take action as follows:

(a) Prepare a Field and Headquarters Notice for distribution to all employees.

(b) Prepare an insert for Association Plan brochure re new benefits and premiums.

(c) Revise and reprint six different Association Plan identification cards for distribution.

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(d) Exchange 9,000 or more GEHA, [REDACTED] cards.

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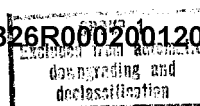
2. As stated in previous fiscal year report, [REDACTED] and Headquarters Notices were prepared in May 1966 for distribution to all employees re changes in the Emergency Travel Plan of insurance but to date the Notices have not been released by DD/P.

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3. The Insurance Branch has nothing in writing and therefore cannot elaborate on this point but will mention it. Effective 1 July 1967, certain contract employees (one of the requirements - must be U. S. citizen) will be eligible for coverage under the Federal Employees Health Benefits Act of 1959. With a total of [REDACTED] policies now in force under Contract Hospitalization, this will create an additional workload on the Branch due to actions to be taken with Payroll, Underwriter, Contract Personnel Division, etc.

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to cancel coverage for an undetermined number of employees insured under Contract Hospitalization and the same actions to be taken to obtain applications and notify Payroll, Underwriter, etc. for an undetermined number of contract employees who will be eligible to apply for Federal Hospitalization coverage.

4. It is anticipated that during the next fiscal year we will be forced to convert to shelf filing in order to more effectively utilize the vaulted area space that we have assigned to us. At present, this area is filled to capacity and would not accommodate additional drawer file cabinets, even if they were made available. In addition, the Audit Staff has recommended that our blank checks be stored in a locked cabinet in the vaulted area; however, no space is available under the present arrangement. Conversion to an open file system will allow us to expand our files, comply with the Audit Staff recommendation, and provide a more efficient filing system without the necessity of additional floor space.

5. There is a possibility that the dependent coverage under the UBLIC Contract might be doubled (maximum from \$1,000 to \$2,000) to compete with the WAEPA coverage on dependents.

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SECTION III

Projected Workload Statistics

for Fiscal 1968 - 1969

Normal growth of all plans administered by the Insurance Branch can be expected to take place during fiscal 1968 - 1969 due to improved benefits being added to the plans now in effect, as well as the probability of new plans being added to the program. Also, workloads will undoubtedly increase due to more retirements, as well as new applicants, changes and terminations. In addition, improved benefits such as terminal benefits under the UBLIC policy, should definitely increase the growth of this plan, as well as an increased number of death claims.

CPB

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25 July 1967

MEMORANDUM FOR: Chief, Benefits and Services Division

SUBJECT : Annual Report - Fiscal Year 1967

1. In Fiscal Year 1966 the volume of business reached a peak considerably higher than previous years and then, generally, stabilized at that level, with a few exceptions. The number of Invitee Travel Claims reached a new high and the number of personal interviews continued to climb. It is interesting to note however, a decrease of nearly 50% in the number of PCS Returnees processed in. It is thought that this may have resulted from a substantial number of people being encouraged to extend their tours and from a greater number of lateral transfers, perhaps because of the Vietnam situation. The disturbing thing about this decrease is that sooner or later these people are coming home. It would appear reasonable to expect them in FY-1968. This could result in considerable movement of household effects this fall.

2. Additional work fell to the Branch during this period for the following reasons:

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- a. Initiation of the [redacted] processing procedure
[redacted] are handled by CPB;

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- b. A substantial expansion of the Commuted Rate coverage, which requires less work at the field station but more work by CPB; and

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3. The following aims which were stated in the last annual report are listed with appropriate comment:

- a. Obtain additional space. This has been accomplished;
- b. Reorganize the Branch to get all logistics functions in one section. This is in the process of accomplishment at the moment;

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c. Obtain six additional personnel. This has not been accomplished and additional personnel are still required. However, because of (a) and (b) above, and changes in personnel and procedures, it is now felt that three additional personnel will be adequate to handle present responsibilities; and

d. Get the Position Management and Compensation Division to make a complete survey of the Branch. This has been done but, in view of the lack of results, it can hardly be reported as an accomplishment.

4. True accomplishments which can be reported with some pride have brought about savings to the taxpayer of approximately \$53,000 in FY-1967. Annual savings are expected to exceed \$100,000 when all programs are operative for a full twelve months. The above savings resulted from implementation of the following programs:

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5. Attached is a statistical summary of representative CPB activities.

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Chief, Central Processing Branch

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28 JUL 1967

MEMORANDUM FOR: Chief, Benefits and Services Division

SUBJECT : Annual Report, Fiscal Year 1967
Retirement Branch

1. In the Fiscal Year 1967, there were a few changes in the structure and the functions of the Retirement Branch. Below are listed the main changes that occurred. These changes were accomplished very smoothly and all members of the Branch who were concerned with the changes assumed their new duties without any disruption of their main functions. The Branch has been extremely lucky to have kept the same team of professionals throughout the year and more important, the members of the Branch have all worked very well together. The only personnel problems have been in the clerical field as the Branch has been unfortunate to have lost some highly skilled clerical employees.

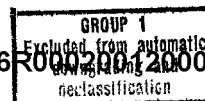
CHANGES

1. About midpoint in the Fiscal Year the duties performed by the CIA Retirement Staff were integrated into the Retirement Branch. This caused very little problem, as the personnel of the Retirement Staff occupied the same area as the Retirement Branch and the only real change that occurred was that the Executive Secretary of the CIA Retirement Board reported to the Chief Retirement Branch rather than directly to the Chief, Benefits and Services Division.

2. About the same time as the integration of the Retirement Staff and Retirement Branch took place, there was a change in the Retirement Boards. Prior to this there were two retirement boards in the Agency. The CIA Retirement Board that was established to handle matters pertaining to the CIA Retirement Act, and the original Agency Retirement Board that had been established in 1960 to handle matters concerned with Civil Service Retirement. At this time the Agency Retirement Board was abolished and the CIA Retirement Board assumed the functions of the old Retirement Board. Again this switch over went very smoothly because the Executive Secretary of the old Board was also Chief, Retirement ^{Branch} Division, and there were two members of the CIA Retirement Board who were also members of the old Board so there was a certain amount of continuity during the transition.

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HIGHLIGHTS

1. Under the CIA Retirement System the review and action was completed on the original call-up listings to determine eligibility for participation in the Agency Retirement System. Periodic call-up of further listings will be accomplished as employees meet the ages and Agency service criteria.
2. At the year end of 1966 annuitants under the Civil Service Retirement system received a 3.9 per cent increase in annuities. As there was a period of three months before the increase would be effective, the Retirement Branch processed about twenty extra retirement applications so that those individuals would be able to take advantage of the extra bonus.
3. Under the CIA Retirement System there was also a cost of living increase of 4.6 per cent for all annuitants on the rolls as of 1 January 1966. This required the Retirement Branch to get in touch with all annuitants to inform them of this increase.
4. There were two changes of rates for Hospitalization under the CIA Retirement System which necessitated correspondence with all annuitants to inform them of these rate changes.
5. The first shipments of Medallions were received during the latter part of this fiscal year and distribution has been initiated. The few remainders of the original group are on order and should be received shortly. Medallions of those retiring now and who will retire in the future are being ordered as early as possible so that the medallions will be on hand before the individual retires.
6. Congress changed the law to allow individuals under the Civil Service Retirement System to retire at age 60 if they had 20 years government service or at 55 with 30 years of service without a reduction in age. As a result of this, the Agency adopted a similar policy that requires individuals to retire at age 60 if they have 20 years of service or remain on the rolls until age 62 if they have less than 20 years of service. In order to implement this new policy in an orderly fashion, letters were sent to all individuals who might be effected by this new policy. In June of 1967, 722 letters were mailed out to all parts of the Agency. The letters specified the dates that the Agency expects those concerned to retire. Those who were already 60 will not be effected by the new policy and can continue on the rolls until age 62 (72 letters). Those who are either 58 or 59 are expected

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to retire two years from the date of the letter or namely, June 1969, 110 letters. Those who are less than 58 years of age are expected to retire in the month they reach age 60 (78 letters). Also letters were sent to those individuals who had not previously received the "five year" letter notifying them that they are expected to retire at age 60 (343 letters). In addition letters were sent to participants in the CIA Retirement System informing them that they are expected also to retire at age 60 (119 letters). No letters were sent to those individuals; (a) who had previously been notified that they were expected to retire at age 60 because they would have 30 years of service (the old policy) (101 letters); (b) who would not have 20 years of service at age 60 (83 individuals); (c) who are exempt from the Agency policy or have been extended beyond their normal retirement date and who have a fixed date for retirement (100 individuals); (d) and those individuals who had already signed an application for retirement (20 individuals).

7. Attached find statistics of the activities of the Retirement Branch during Fiscal Year 1967.

PROJECTION FOR FISCAL YEAR 1968

1. Because of the change in the Agency Retirement Policy, it is anticipated that the work load of the Retirement Branch will be increased as far as the retirements under the Civil Service System are concerned. Also the work load will increase in the number of estimates that will be requested as a result of the letters sent out. (see above)

2. There will also be an increase in the work load under the CIA Retirement System. As was pointed out in last year's annual report, once we retire someone under the CIA system we never lose the case as is done under the Civil Service Retirement System. Therefore, when ever it is necessary to contact every annuitant more and more correspondence is generated.

3. No other projections can be made at this time as it is not known what work load will be added or subtracted when the new Retirement Division gets under way. It can be predicted however, that the "technical" work necessary in the processing of retirements will not diminish but rather expand in volume.

for
[Redacted Signature]
Chief, Retirement Branch

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STATISTICS

| Retirements | <u>CSC</u> | <u>CIA</u> |
|----------------------|------------|------------|
| Optional | 90 | 35 |
| Disability | 38 | 6 |
| Mandatory | 2 | 11 |
| Discontinued Service | 3 | 0 |
| Deaths in Service | -- | 5 |
| | <u>133</u> | <u>57</u> |

RETIREMENTS - Last five fiscal years

| | Total | Optional | Disability | Mandatory | Dis. Service | Deaths |
|------|-------|----------|------------|-----------|--------------|--------|
| 1963 | 131 | 61 | 37 | 5 | 28 | -- |
| 1964 | 142 | 82 | 46 | 5 | 9 | -- |
| 1965 | 168 | 100 | 52 | 3 | 13 | -- |
| 1966 | 232 | 102 | 69 | 19 | 13 | 11 |
| 1967 | 190 | 125 | 44 | 13 | 3 | 5 |

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LETTERS SENT

| | |
|---|------------|
| To those already 60 - Still go at 62 | 72 |
| Ages 58 and 59 - To go 2 years from memo date | 110 |
| Under 58 years old - To go at 60 | 78 |
| 1st notification - To go at 60 | 343 |
| To CIA participants - To go at 60 | <u>119</u> |
| | 722 |

NO LETTERS

| | |
|--------------------------------|-----------|
| Already notified - 60 - 30 | 101 |
| Not 20 years - 60 to 62 | 83 |
| Exempt from policy or deferred | 100 |
| Already signed application | <u>20</u> |
| | 304 |

| | |
|-------------|------|
| GRAND TOTAL | 1026 |
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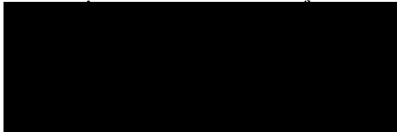
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20 JUL 1967

MEMORANDUM FOR: Chief, Benefits and Services Division
SUBJECT : Annual Fiscal Year Report for the Director of Personnel

Attached is the Statement of Accomplishments for Fiscal Year 1967.
This report includes the workload data and narrative for Fiscal Year 1967
and statements of plans and objectives for Fiscal Years 1968 and 1969.

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Honor and Merit Awards Board

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